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A health care planning checklist for financial advisors

By Rob Burgess
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Advisors can think ahead of time about the common issues that clients face and how to address them; this can take shape in the form of a health care checklist.Adobe Stock

Along with the obvious financial guidance, advisors have a unique opportunity to shape the health care planning process for clients.

Georgia Lord, head of planning at Corbett Road Wealth Management in Brooklyn, New York, said advisors play a vital role as trusted voices in engaging with clients with health issues.

"Whilst we cannot provide medical advice, we can help our clients plan for the financial implications of health issues, ensure access to appropriate resources and advocate for proactive measures to mitigate risks," she said.

Clients have come to expect health planning

Steven Rozencwaig, senior vice president of wealth management and international wealth advisor at Raymond James in New York City, said this has become a common expectation among clients who are increasingly anticipating a more comprehensive suite of services.

"Part of the holistic process of financial planning is not only managing a client's portfolio based on their goals and aspirations, but the unforeseen as well as the anticipated health issues typically associated with aging, that ultimately affect a financial plan," he said. "While financial advisors are not physicians, we should be able to point clients to services that address medical and health issues which ultimately affect their financial health."

As part of this effort, advisors can think ahead of time about the common issues that clients face and how to address them; this can take shape in the form of a health care checklist.

Tushar Kumar, private wealth advisor at Twin Peaks Wealth Advisors in San Francisco, said this can include a review of health insurance options, long-term care considerations and more.

"The role we play in terms of engaging clients with medical issues is to help them understand the cost associated with their issues, along with the qualitative aspects of their situation, such as whether they will require care or what wishes they have for their advanced health care needs and associated decisions," he said.

Lord said an advisor's role in health care planning includes financial preparedness, ensuring that clients have adequate savings, insurance and emergency funds to handle medical issues without derailing other financial goals.

"I review health, disability, long-term care and life insurance policies to ensure appropriate coverage," she said. "I help to educate clients on the various costs associated with medical coverage, and how to leverage tax-advantaged accounts like health savings accounts (HSAs) or flexible savings accounts (FSAs) and estate and legal planning; making sure the client has the appropriate health care proxies, living wills and powers of attorney in place."

Joe Cronin, president of International Citizens Insurance, said when advisors are assembling a health care checklist, they should take special care to assist their clients so they can ask important questions about their potential in-home care situations later in life.

"For example, what medical conditions may require care in the future?" he said. "Would the family offer help, or would there be a need to hire professionals? By outlining such scenarios, considering the proper supplemental coverage options and evaluating them, advisors help these clients adopt a more proactive stance toward the planning of long-term care."

Exactly what belongs on a health care checklist? Scroll down for common areas advisors say should be included:

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Health insurance review
Kumar said advisors can confirm clients have adequate coverage and identify any potential gaps.

Lord suggested advisors ask several insurance- and medical -related questions to cover all the bases.

"Is your health insurance comprehensive and up-to-date?" said Lord. "Do you have disability insurance if you are unable to work? Do you have long-term care insurance or the ability to send funds? Are you undergoing regular medical check-ups and preventive care? Do you have an understanding of family medical history and potential risks?"

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Long-term care considerations
Advisors should evaluate the client's need for funding mechanisms for extended care, said Kumar.

This should include a thorough review of Medicare and Medicaid planning to

ensure the client's requirements are met, Lord said.

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HSAs and FSAs
Any health care planning checklist should include a section on highlighting benefits of maximizing contributions to HSAs and FSAs, Kumar said. These decisions should also be integrated into overall retirement planning, he said.

Questions advisors could ask include, "Do you have funds allocated for future medical expenses? Are you taking advantage of tax deductions/credits for medical expenses?" Lord said.

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Emergency funds for health care costs
Kumar said emergency funds for health costs should be considered to establish reserves for surprise out-of-pocket expenses.

Advisors can ask clients specifically whether they have a budget in place for ongoing or anticipated medical costs, Lord said — and whether their emergency fund is sufficient to cover unexpected medical expenses.

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Estate planning documents
Estate and advance directive planning should include ensuring legal documents are current, said Kumar.

Lord said advisors should determine whether clients have a health care power of attorney and living will in place. Other legal documents, like power of attorney, wills and trusts, should also be updated.

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